

Message Text

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ACTION AID-31

INFO OCT-01 NEA-10 ISO-00 TRSE-00 EB-07 L-03 SSO-00 IGA-02

SP-02 /056 W

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O 151624Z JAN 76

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC IMMEDIATE 5867

C O N F I D E N T I A L DAMASCUS 0236

DEPT PASS AID (COSTELLO GC/NE, NE/ME) AND TREASURY

EO 11652: GDS

TAGS: EFIN, SY

SUBJECT: CLAIMS: SARG AGREES TO SIGN AGREED MINUTES ON
DELINQUENT DEBTS

REF: A. DAMASCUS 0189, B. SATE 009460

1. SUMMARY: SARG MINECON IMADI INFORMED AMBASSADOR JANUARY
15 OF OFFICIAL SARG APPROVAL OF AGREED MINUTES FOR
SETTLEMENT OF DELINQUEN DEBTS AND SAID HE OR MINFIN SHARIF
READY TO SIGN AGREED MINUTES WHENEVER WE DESIRED IN ORDER TO
BEGIN REPAYMENTS IMMEDIATELY. IMADI STRONGLY ADVISED AGAINST
SUBSEQUENT FORMAL NEW AGREEMENT ON DEBTS AS THIS WOULD RE-
QUIRE LENGTHY (AND RISKY) FURTHER SARG PROCEDURES THROUGH
C

UNCIL OF MINISTERS, PARLIAMENTARY APPR

VAL AND PRESIDENTIAL

SIGNATURE WHICH WOULD MEAN AT LEAST SIX MONTHS' DELAY.

END SUMMARY.

2. AMBASSADOR, WITH FIVE MINUTES NOTICE, WAS SUMMONED BY MIN
ECON IMADI FOR MEETING AT 1000 LOCAL THIS MORNING, JAN 15,
PRIOR TO RECEIPT OF REF B. AS OFFICIALLY APPOINTED SARG
NEGOTIATOR, ALONG WITH MINFIN SHARIF, FOR USG/SARG CLAIMS DIS-
CUSSIONS, IMADI INFORMED AMBASSADOR SARG HAS APPROVED AGREED
MINUTES TEXT AS SUBMITTED UNDER COVER OF AID LETTER DEC 24

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AND IMADI AND/OR SHARIF HAVE BEEN INSTRUCTED TO SIGN AGREED

MINUTES. IN ADDITION TO SIGNING AGREED MINUTES, IF WE SO REQUIRE, IMADI OR SHARIF CAN TRANSMIT SIGNED AGREED MINUTES TO THE EMBASSY UNDER COVER OF AN OFFICIAL LETTER SIGNED BY IMADI OR SHARIF STATING THAT ALL OBLIGATIONS AGREED TO IN ACCOMPANYING AGREED MINUTES HAVE BEEN OFFICIALLY AGREED TO BY SARG AND ALL SUCH OBLIGATIONS ARE THEREFORE OFFICIALLY PUT INTO FORCE GIVEN MINISTER'S SIGNATURE ON THE AGREED MINUTES.

3. AS REGARDS STATEMENT IN OUR DEC 24 COVERING LETTER TRANSMITTING MINUTES THAT A "FORMAL AGREEMENT WOULD FOLLOW TO CONFIRM THIS BASIC UNDERSTANDING," IMADI SAID THAT THIS WAS NOT NECESSARY UNDER SARG LAW. SARG FOLLOWS DIFFERENT PROCEDURES FOR NEW BILATERAL AGREEMENTS AND ADJUSTMENTS TO EXISTING AGREEMENTS. NEW AGREEMENTS MUST BE SUBMITTED FOR APPROVAL TO: (A) COUNCIL OF MINISTERS, (B) PARLIAMENT, AND (C) PRESIDENT. ADJUSTMENTS TO EXISTING AGREEMENTS (AND IMADI AND SHARIF HAVE STATED ALL ALONG THAT SARG DOES HAVE LEGAL OBLIGATION TO USG UNDER THESE PREVIOUS THREE PL 480 LOCAL CURRENCY LOANS AND THE ONE FAA DOLLAR LOAN) CAN BE MADE BY MINISTERIAL AGREEMENT INASMUCH AS MINISTER CONCERNED HAS BEEN EMPOWERED TO MAKE SUCH DECISION AND SIGN SUCH ADJUSTMENT AGREEMENTS.

4. IMADI, WHO AS STATE/AID/TREASURY AWARE OVER PAST 14 MONTHS OF DISCUSSIONS HAS BEEN DOING HIS BEST TO ACHIEVE FINAL AGREEMENT WHICH WE NOW HAVE, STRONGLY CAUTIONED AMBASSADOR AGAINST REQUESTING FORMAL AGREEMENT (AND THUS NEW AGREEMENT UNDER SARG PROCEDURES) FOR FOLLOWING REASONS: (A) HE AND/OR SHARIF NOW HAVE APPROVAL TO SIGN AND IMPLEMENT AGREED MINUTES AND THUS PAY FULL FAA DOLLAR DELINQUENCY AND BEGIN CATCH-UP PAYMENTS ON PL 480 LOCAL CURRENCY LOANS; HE CANNOT PREDICT OUCME AND THEREFORE DOES NOT WANT TO REOPEN MATTER BEFORE ENTIRE COUNCIL OF MINISTERS AT THIS DELICATE STAGE IN OUR BILATERAL RELATIONS; (B) PARLIAMENT IS IN RECESS UNTIL JULY; CALLING IT BACK INTO SPECIAL SESSION OR WAITING FOR JULY SESSION, WOULD ONLY OPEN PANDORA'S BOX AND CRITICS OF SARG/USG RAPPROCHEMENT WOULD HAVE FIELD DAY OF CRITICISM AS THEY ALREADY HAVE HAD WHEN OUR RECENT NEW AID CONFIDENTIAL

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AGREEMENTS AND US OIL COMPANY (TRIPCO) CONCESSION AGREEMENT WERE SUBMITTED TO PARLIAMENT FOR APPROVAL; SARG DOES NOT HAVE TO DO THIS AND DOES NOT WANT TO GIVE THIS OPPORTUNITY TO COMMUNIST PARTY OF SYRIA TO ATTACK SARG AND ITS MOVES VIS-A-VIS USG; (C) GOING THROUGH NEW AGREEMENT PROCESS WOULD HOLD UP PAYMENTS UNTIL COMPLETION OF PROCESS AND THIS WOULD MEAN DELAY OF AT LEAST SIX MONTHS; SUCH DELAY WOULD ALLOW HARD-

LINERS AND CRITICS OF ASAD LEADERSHIP TO SNIPE AWAY AT
AGREEMENT AND POSSIBLY OVERTURN SUCCESS WE NOW HAVE IN
HAND AFTER STRENUOUS EFFORT WE HAVE ALL MADE IN PAST 14 MONTHS.

5. WE ARRANGING FOR PICK UP FROM AMMAN OF DOCUMENTS CITED
REF B. AS SOON AS WE HAVE REVIEWED THESE DOCUMENTS WE WILL
FORWARD PROPOSAL FOR NEXT STEPS TAKING INTO ACCOUNT IMADI'S
COMMENTS ABOVE RE DELAYS AND UNCERTAIN OUTCOME WERE U.S. TO
INSIST ON FORMAL AGREEMENT.
MURPHY

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Message Attributes

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Disposition Authority: KelleyW0
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Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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